

Message Text

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ORIGIN AF-18

INFO OCT-01 EUR-25 EA-11 NEA-10 ISO-00 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 OIC-04 AGR-20 OTP-02 OC-06 CCO-00 /205 R

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----- 018236

R 052142Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY ACCRA

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY BERN

AMEMBASSY TOKYO

AMEMBASSY TEL AVIV

AMEMBASSY ABIDJAN

AMEMBASSY OSLO

C O N F I D E N T I A L STATE 176460

E.O. 11652: GDS

TAGS: EFIN, EAID, PFOR, GH, IBRD

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SUBJ: GHANA DEBT: SEPTEMBER MEETINGS IN LONDON

REF: A) ACCRA 5490 (NOTAL), B) ABIDJAN 6171 (NOTAL)

1. BRITISH EMBASSY WASHINGTON HAS REQUESTED US COMMENTS ON FOLLOWING PROPOSED AGENDA FOR SEPTEMBER 18 CREDITORS' MEETING, WHICH WILL CONVENE AT 10:30 IN FCO.

2.A. DEVELOPMENTS SINCE THE CREDITOR'S MEETING IN MAY:

I. THE JULY MEETINGS IN ACCRA

II. THE AID DONORS' MEETING ON 17 SEPTEMBER

III. GHANA'S CURRENT ECONOMIC POSITION

B. THE NEXT STEP FOR THE CREDITORS:

I. THE FORMULA FOR DEALING WITH CONTRACTS STILL UNDER REVIEW. THE BRITISH DELEGATION ALSO WILL OUTLINE THEIR PROPOSALS FOR DEALING WITH THE CONTRACTS SINGLED OUT IN THE FEBRUARY 5 STATEMENT.

II. WHETHER TO MEET THE GHANAIS IN OCTOBER, AS PROPOSED.

C. PROCEDURE AND PRELIMINARY DISCUSSION OF TACTICS AT THE MEETING WITH THE GHANAIS.

D. SCOPE OF ANY AGREEMENT:

I. STARTING DATE

II. DE MINIMUS CLAUSE

III. WHETHER TO INCLUDE POST-NKRUMAH MEDIUM-TERM DEBTS

E. THE CREDITORS' FALL-BACK POSITION (INCLUDING ANY MINOR VARIATIONS TO SUIT INDIVIDUAL CREDITORS OR HELP THE GHANAIS PRESENTATIONALLY).

F. SHORT TERM DEBTS

G. PARTICIPATION
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3. DEPARTMENT HAD INFORMED BRITISH EMBASSY THAT PROPOSED AGENDA IS SATISFACTORY. BRITISH PREPARED MEET AGAIN SEPTEMBER 19, IF THIS APPEARS NECESSARY.

4. BRITISH EMBASSY HAS ASKED FOR DEPARTMENT'S COMMENT ON ITS PLANS TO SUBMIT FOLLOWING FORMULA TO IBRD FOR TRANS-MISSION TO GOG AT IBRD'S DISCRETION, SHOULD GOG FORMULA BE

UNACCEPTABLE TO CREDITORS OR FAIL OBTAIN NRC APPROVAL
(BRITISH HAVE HEARD FROM IBRD THAT FORMULA DRAFTED BY
ASANTE WAS DUE TO BE REVIEWED BY NRC SEPTEMBER 5).

5. BEGIN TEXT BRITISH FORMULA:

A. WITHOUT PREJUDICE TO THE DECLARED POSITION OF BOTH
SIDES, NEGOTIATIONS SHOULD PROCEED ON THE BASIS THAT THE
SUM TO BE REPAID RELATES TO ALL CONTRACTS.

B. ANY DEBTS SUBSEQUENTLY REPUDIATED WOULD GO TO ARBI-
TRATION, OR BE SUBMITTED TO SOME SIMILAR PROCEDURE.

C. REPAYMENT IN RESPECT OF CONTRACTS, OF WHICH THE
GHANAIS CHALLENGE THE VALIDITY, SHOULD BE PAID INTO A
SEPARATE FUND ADMINISTERED BY A THIRD PARTY.

D. ONCE A SETTLEMENT OVER EACH CONTRACT HAS BEEN REACHED
(BY ARBITRATION OR SOME OTHER MEANS) THE PAYMENT DUE IN
EACH CASE WILL BE MADE BY THE ADMINISTRATOR TO THE CREDITOR
OR A REFUND MADE TO THE GHANAIS. END TEXT.

6. BRITISH EMBASSY UNABLE CLARIFY RELATIONSHIP BETWEEN
BRITISH FORMULA AND DEBTS REPUDIATED ON FEBRUARY 5, 1972.
EMBASSY SEEKING INSTRUCTIONS FROM LONDON. DEPARTMENT HAS
INFORMED BRITISH EMBASSY THAT USG HAS NO OBJECTION TO

BRITISH FORMULA, PROVIDED IBRD GIVEN FREEDOM TO DECIDE IF
IT SHOULD BE TRANSMITTED TO GOG AND FORMULA IS IDENTIFIED
AS BRITISH FORMULA, RATHER THAN THAT OF CREDITORS AS
WHOLE.

7. BRITISH SAY THEY SEE NO NEED FOR PRELIMINARY MEETING OF
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DUTCH, WEST GERMANS, THEMSELVES AND AMERICANS, AS PRECE-
DED RECENT CREDITOR MEETINGS. DEPARTMENT HAS AGREED WITH
BRITISH THAT SHOULD NEED FOR SUCH MEETING OCCUR IT COULD
BE ARRANGED ON SHORT NOTICE IN LONDON.

8. IBRD HAS INVITED DONORS TO MEET SEPTEMBER 17 AT 10:00
AT NEW ZEALAND HOUSE IN LONDON TO DISCUSS AID TO GHANA.
PROPOSED AGENDA CALLS FOR OPENING STATEMENT BY CHAIRMAN
FOLLOWED BY DESCRIPTION RECENT ECONOMIC DEVELOPMENTS. IBRD
CIRCULATING TO DONORS AN UPDATING MEMORANDUM ON GHANAIAN
ECONOMY (WHICH IS BEING POUCHED ACCRA). IBRD THEN PLANS
DISCUSSION ECONOMIC PROSPECTS AND AID REQUIREMENTS,
DURING WHICH IBRD EXPECTS DELEGATIONS TO OUTLINE THE PLANS
WHICH THEIR GOVERNMENTS OR AGENCIES MAY HAVE FOR FUTURE
ASSISTANCE TO GHANA, SUBJECT TO RESOLUTION OF THE DEBT

ISSUE. IBRD HAS INFORMED DONORS IT WOULD LIKE TO EXPLORE THE POSSIBILITY OF JOINT FINANCING OPERATIONS FOR CERTAIN PROJECTS IN SUCH SECTORS AS TELECOMMUNICATIONS, POWER, TRANSPORT, AND AGRICULTURE.

9. IBRD SAYS DUTCH ARE ONLY CREDITOR GOVERNMENT WHICH HAS REFUSED ATTEND DONOR MEETING, ALTHOUGH PARTICIPATION BELGIANS NOT CONFIRMED. OTHER PARTICIPANTS INCLUDE CANADIAN, DANISH, AND ISRAELI GOVERNMENTS, AS WELL AS AFRICAN DEVELOPMENT BANK.

10. LIST USG DELEGATION WILL BE CABLED LONDON AND ACCRA VIA SEPTTEL ASAP. RUSH

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